

REINVESTMENT ZONE NUMBER ONE

FEBRUARY 2, 2016

The Reinvestment Zone Number One of the City of McKinney, Texas met in regular session in the Council Chambers, 222 N. Tennessee Street, McKinney, Texas on February 2, 2016 at 5:15 p.m.

Board members Present: Chairman Don Day, Board members: Chuck Branch, Bill Cox, Randy P. Pogue, Brian Loughmiller, Travis Ussery, Tracy Rath, and Rainey Rogers. Absent: Board member Chris Hill.

Staff present: Interim City Manager Tom Muehlenbeck; Assistant City Manager Barry Shelton; City Attorney Mark Houser; City Secretary Sandy Hart; Chief Financial Officer Rodney Rhoades; Senior Financial Analyst Trevor Minyard; Executive Director of Development Services Michael Quint; Planning Manager Matt Robinson; Assistant Director of Public Works Paul Sparkman; and Senior Financial Services Manager Trudy Mathis.

There were ten guests present.

Chairman Day called the meeting to order at 5:15 p.m. after determining a quorum present.

16-127 Chairman Day called for Election of Vice Chair. Board members unanimously approved the motion by Board member Branch, seconded by Board member Rogers, to elect Tracy Rath as Vice Chair.

16-128 Minutes of the Reinvestment Zone Number One Meeting of August 31, 2015. Board members unanimously approved the motion by Board member Ussery, seconded by Board member Pogue, to approve the minutes of the Reinvestment Zone Number One meeting of August 31, 2015.

16-129 Chairman Day called for Consideration/Discussion/Action on Approving the 2015 Annual Report for Tax Increment Reinvestment Zone Number One (TIRZ No. 1). Senior Financial Analyst Trevor Minyard stated before the Board for consideration is the 2015 annual report of TIRZ 1. Copies will be provided to all taxing entities within the county, and submitted to

the comptroller's office after McKinney City Council approval. Tax Increment Reinvestment Zone 1 has an established base year for valuations of 2010. Each year 100% of the City's incremental value of ad valorem and sales tax collected within the zone is deposited into the TIRZ 1 Fund, and 50% of the County's incremental value of ad valorem tax collected within the zone is deposited into the TIRZ 1 Fund. In 2015, total revenue for the zone amounted to \$1,587,075. During 2015, the zone incurred an expense of \$10,500 for general and administrative services to support the zone. In addition, one project was funded during 2015 in the amount of \$25,000 for façade improvements at Hope Hardware in downtown McKinney, more commonly known as "The Pantry." Board member Pogue requested that project status updates be added to future annual reports for TIRZ 1. Board member Branch requested an explanation in regards to the calculation of the TIRZ 1 annual revenues. Mr. Minyard explained that all revenue (ad valorem and sales tax) collected at 2010's base amount is deposited into the general fund and 100% of the incremental increases in City ad valorem and sales tax is put into the TIRZ 1 fund. For the county portion, only 50% of the incremental increase in ad valorem is put into the fund. Board members unanimously approved the motion by Board member Loughmiller, seconded by Board member Ussery, to approve the 2015 Annual Report for Tax Increment Reinvestment Zone Number One (TIRZ No. 1).

16-130 Chairman Day called for Consideration/Discussion/Action on a Resolution Approving a Chapter 380 Economic Development Agreement with Hope Hardware Building LP for the project at 214 E. Louisiana Street. Planning Manager Matt Robinson stated that the proposed agreement with Hope Hardware Building LP and the City of McKinney is intended for the primary purpose of assisting with fire safety improvements and façade improvement costs. The redevelopment

project, located at 214 E. Louisiana Street, is a TIRZ-eligible project in the approved Project Plan of TIRZ No. 1. The project falls under the category of Vacant/Underutilized Sites/Buildings as defined in the TIRZ Project Plan. The applicant is requesting an economic development grant from Reinvestment Zone Number One to assist with the expense associated with making the following improvements to the existing building: Fire safety improvements consisting of the addition of a fire escape and façade improvements that include the rebuilding of 19 wood windows that will maintain the historic nature of the building. The applicant will be required to submit a Certificate of Appropriateness to the Historic Preservation Officer for the proposed façade improvements prior to commencing work. Board Member Rogers asked Staff if the project really qualifies as a vacant/underutilized site/building. Planning Manager Robinson stated that the project does qualify and that there are certain criteria that qualify a project and that it is defined in the TIRZ Project Plan. Applicant, Mr. Tom Meredith, 7217 Verdi Way, McKinney stated that the work was to assist in getting a tenant for the upstairs portion of the building and provide for a secondary means of emergency exiting. Board members unanimously approved the motion by Board member Loughmiller, seconded by Board member Pogue, to approve a Resolution approving a Chapter 380 Economic Development Agreement with Hope Hardware Building LP for the project at 214 E. Louisiana Street. Caption reads as follows:

RESOLUTION NO. 2016-02-001 (TR1R)

A RESOLUTION OF THE BOARD OF DIRECTORS OF REINVESTMENT ZONE NUMBER ONE, CITY OF MCKINNEY, TEXAS APPROVING A CHAPTER 380 ECONOMIC DEVELOPMENT AND PROJECT PLAN IMPLEMENTATION AGREEMENT WITH HOPE HARDWARE BUILDING LP FOR THE HOPE HARDWARE BUILDING SECOND FLOOR PROJECT

16-131 Chairman Day called for Consideration/Discussion/Action on a Resolution Approving a Chapter 380 Economic Development Agreement

with Coit/Plano Parkway, LTD. for the Façade Improvement Project at 101 West Louisiana Street. Planning Manager Matt Robinson stated that the proposed agreement with Coit/Plano Parkway, LTD. and the City of McKinney is intended for the primary purpose of assisting with façade improvement costs. The redevelopment project, located at 101 W. Louisiana Street, is a TIRZ-eligible project in the approved Project Plan of TIRZ No. 1. The project falls under the category of Vacant/Underutilized Sites/Buildings as defined in the TIRZ Project Plan.

The applicant is requesting an economic development grant from Reinvestment Zone Number One to assist with the expense associated with making the following improvements to the existing building: Façade improvements consisting of a new 167' parapet for the north and east building elevations. The applicant will be required to submit a Certificate of Appropriateness to the Historic Preservation Officer for the proposed façade improvements prior to commencing work. Applicant, Mr. Jack Harvard, 941 Circle in the Woods, Fairview, discussed the overall project and improvements being made to the existing building. Mr. Harvard went on to discuss improvements that he had made to other buildings in Downtown McKinney. Vice Chair Rath asked Staff if the TIRZ Board had ever acted on two TIRZ requests for the same property at the same time before. Planning Manager Robinson stated no and that the TIRZ policy for awarding grants does not limit it. Board members unanimously approved the motion by Vice Chair Rath, seconded by Board member Rogers, to approve a Resolution approving a Chapter 380 Economic Development Agreement with Coit/Plano Parkway, LTD. for the Façade Improvement Project at 101 West Louisiana Street. Caption reads as follows:

RESOLUTION NO. 2016-02-002 (TR1R)

A RESOLUTION OF THE BOARD OF DIRECTORS OF REINVESTMENT ZONE NUMBER ONE, CITY OF MCKINNEY, TEXAS APPROVING A CHAPTER 380 ECONOMIC DEVELOPMENT AND PROJECT PLAN IMPLEMENTATION AGREEMENT WITH COIT/PLANO PARKWAY, LTD. FOR THE

101 W. LOUISIANA STREET EXTERIOR ROOF PARAPET
RESTORATION WITH DECORATIVE DETAIL AND CORNICE
PROJECT

16-132 Chairman Day called for Consideration/Discussion/Action on a Resolution Approving a Chapter 380 Economic Development Agreement with Coit/Plano Parkway, LTD. for the street/sidewalk improvement project at 101 West Louisiana Street. Planning Manager Robinson stated that the proposed agreement with Coit/Plano Parkway, LTD. and the City of McKinney is intended for the primary purpose of assisting with street/sidewalk improvement costs. The applicant is requesting an economic development grant from Reinvestment Zone Number One to assist with the expense associated with making the following improvements along the building located at 101 W. Louisiana Street: Construction of an elevated sidewalk along the east elevation at 101 W. Louisiana to enable additional storefronts to be created along Kentucky Street. The applicant will be required to submit engineering plans to the City for review and permitting prior to commencing work. Applicant, Mr. Jack Harvard, 941 Circle in the Woods, Fairview, stated the purpose of this request and answered questions from the Board. Board member Pogue asked Staff that if the item is approved what the current status of the \$100,000 allocated for vacant/underutilized sites/buildings would be. Planning Manager Robinson stated that along with the other two items approved previously, approximately \$75,000 of the \$100,000 would be spoken for. Board Member Pogue asked if the \$100,000 allocation was reached the previous year. Planning Manager Robinson stated no. Board members unanimously approved the motion by Board member Branch, seconded by Board member Ussery, to approve a Resolution approving a Chapter 380 Economic Development Agreement with Coit/Plano Parkway, LTD. for the street/sidewalk improvement project at 101 West Louisiana Street. Caption reads as follows:

RESOLUTION NO. 2016-02-003 (TR1R)

A RESOLUTION OF THE BOARD OF DIRECTORS OF REINVESTMENT ZONE NUMBER ONE, CITY OF MCKINNEY, TEXAS APPROVING A CHAPTER 380 ECONOMIC DEVELOPMENT AND PROJECT PLAN IMPLEMENTATION AGREEMENT WITH COIT/PLANO PARKWAY, LTD. FOR THE 101 W. LOUISIANA STREET STREET/SIDEWALK IMPROVEMENTS PROJECT

- 16-133** Chairman Day called for Consideration/Discussion of the Historic Flour Mill Redevelopment Project Chapter 380 Economic Development Agreement. Planning Manager Matt Robinson stated that Staff is seeking direction from the Board regarding whether or not to enter into a new Chapter 380 Development Agreement for the Historic Flour Mill Redevelopment Project. The Chapter 380 Development Agreement between Bradley S. Kidwell Family LP and the TIRZ No. 1 Board that was previously approved on April 19, 2011 lapsed in December of 2013. This Chapter 380 Development Agreement governed constructing, renovating and operating a mixed use historic project at the Flour Mill. Subsequent to the execution of the Chapter 380 Development Agreement, the City entered into a grant funding agreement for \$1,760,000 by and between the City of McKinney, the North Central Texas Council of Governments (NCTCOG), and the State of Texas for the construction of related public infrastructure, namely Louisiana Street adjacent to the site, in support of the Historic Flour Mill Redevelopment Project as designated by the Sustainable Development Infrastructure Grant Program of the NCTCOG. The Historic Flour Mill Redevelopment Project has not completed all phases/requirements that were outlined in its Chapter 380 Development Agreement with the TIRZ Board. Because of this delay by Mr. Bradley Kidwell, the City's obligations as part of the NCTCOG Sustainable Development Grant have also not been completed, which had a deadline of December 31, 2015. Applicant, Mr. Brad Kidwell, 407 E. Louisiana, McKinney, stated that there have been many challenges in redeveloping the Flour Mill, but that they were really close to getting building permits on the multi-family portion of the

project and moving forward. Board Member Rogers asked Mr. Kidwell why the project was not completed within the timeline stated in the agreements. Mr. Kidwell stated that redeveloping the site had been difficult and that they have run into challenges along the way. Vice Chair Rath asked Mr. Kidwell if the Flour Mill property was currently in any litigation. Mr. Kidwell answered no. Executive Director of Development Services Michael Quint stated that the Development Services team has worked with the Flour Mill group regularly since 2011 and had lost confidence in Mr. Kidwell's ability to complete the project in a reasonable amount of time. Mr. Quint stated that the City has Capital Improvements Program (CIP) money set aside to assist with the reconstruction of Louisiana Street. He stated that Staff is seeking direction from the Board on whether to unencumber the \$200,000 that is currently encumbered for the project via the, now void, agreement or continue to encumber said funds and draft an amendment extending the term of the agreement. Mr. Kidwell stated that he is going to start in the spring and should be done within 14 months. Chairman Day requested that Staff contact NCTCOG and inquire if they would support a two year extension to the City's agreement with NCTCOG and report back to the Board. No action was taken.

Board members unanimously approved the motion by Board member Ussery, seconded by Board member Pogue, to adjourn. Chairman Day adjourned the meeting at 6:03 p.m.

DON DAY
Chairman

ATTEST:

Sandy Hart, TRMC, MMC
City Secretary